

Direct Payments

Direct payments are cash payments made to individuals who have been assessed as eligible for services. Direct payments are an alternative to a directly provided service provided by the council. The aim of a direct payment is to give more flexibility in how services are provided. By giving people a direct payment, they have greater choice and control over how their support is delivered.

If an individual wants to take up a direct payment to enable someone to support them, they have two options:

Using an Agency

A DP recipient may choose to directly contract with an agency. They can use any agency they wish, not just the agencies the council contract with. DASL can provide information on agencies if needed. The agency would invoice the individual directly for their services which they would pay from their chosen direct payment account. The DP recipient would only need to agree and set up their preferred money management option and wouldn't need insurance/payroll/contracts as they would not be an employer. It is important to be aware that the direct payment rate may be lower than the hourly rate the agency charges. The client would be able to switch agencies if they were not happy, and ask for the agency to support them in the way they choose.

Employing a Personal Assistant

A DP recipient may choose to employ a PA. This could be someone they know, such as a family member, friend, neighbour or someone from the community which means they are not employing a stranger. Alternatively, if they don't know anyone DASL can support with recruitment. DASL would support the employer to advertise for the role, then the client can shortlist and interview suitable candidates before deciding if they wish to offer anyone the job. DASL can support with DBS checks and references. In either case the employer would have a smaller group of people supporting them and more consistency. Where someone employs a PA they need to organise cover when their PA is on holiday or off sick. This may be by asking someone they know to provide cover or they could use an agency (see above).

Money Management Options

There are three main money management options:

- 1) Bank account – this needs to be a separate bank account just for the direct payment. The account needs to have facility to make payments by card/cheque or bank transfer as payments can't be made in cash. DP recipients will need to provide records to Lambeth about how the money is being spent;
- 2) Pre-paid card – this is ordered by Lambeth and the direct payment money is loaded on the card monthly. DP recipients can make payments either using the card itself or by transferring money over the phone or online. Lambeth can check the card account online and payments being made, which reduces the administrative work involved for the DP recipient;

3) Third party – the money is paid by Lambeth straight to a third party payroll company, who hold onto the money and make payments on behalf of the direct payment user. The payroll company will also provide Lambeth with monitoring records. This means the DP recipient does not have to manage the money themselves, which is less work for them.

Contingency

The direct payment is currently paid at £11.48 per hour for adult social care. If the DP recipient is employing a PA, they should keep £2 an hour back (usually around 20%) to cover the additional costs of being an employer – payroll, any National Insurance contributions, pension contributions and the cost of cover if their PA is on holiday or off sick.

Employer's Insurance

Employers are legally required to have insurance. This will cover the employer if the PA has an accident at work. The level of cover depends on the policy but often also includes accidental damage (if the PA damages property) or public liability (if the PA damages someone else's property). The insurance generally also provides access to an employment law helpline. There are two main insurance companies: Premier Care and Fish. Lambeth makes an additional payment into the first direct payment to cover the cost of the policy for the first year and then the cost of the renewal comes from the contingency money. The policy costs around £100 per year.

Payroll

Where an employer has a PA who earns more than £112 per week across all income (not just from the work with them), the employer needs to be registered with HMRC as an employer and return information to them about tax and NI. There are payroll companies who can provide support with this. The main two who work in Lambeth are Epayroll and PayPacket. They can provide different services depending on what the client wants (i.e. making payroll calculations only, making payments to the PA and HMRC or holding the money). The cost of the payroll varies depending on the company and service offered but is usually between £10-£25 per month and some of the direct payment money can be used to pay for this.

Contracts of Employment/Being an Employer

Employers need to provide their PA with a written contract of employment within 8 weeks of the PA starting work. DASL can provide contracts of employment and go through them. The contract ensures everyone knows where they stand and can be referred to throughout the duration of the PA's employment. The contract will include:

- Whether there is a probationary period and how long this is;
- The hours of work and the rate of pay;
- How much annual leave the PA gets and the arrangement for taking this;
- Details on statutory sick pay;
- Notice periods for both the employer and employee;
- What to do if there is a problem – disciplinary and grievances.